REMARKS

Claims 1-151 are in the application.

Claims 1-151 are rejected as being obvious under 35 U.S.C. § 103(a) over Rusnak et al., US 6,098,056.

The Examiner indicates that the claimed elements relating to implementation of a legal trust are merely nonfunctional descriptive matter which renders them ineffective and unavailable as material elements of the claims to distinguish the prior art, and therefore that the claims fail to meet the criteria for non-obviousness.

The examiner cites a dictionary definition of the word "trust" from dictionary.law.com. It is noted that the complete definition is as follows:

trust

n. an entity created to hold assets for the benefit of certain persons or entities, with a trustee managing the trust (and often holding title on behalf of the trust). Most trusts are founded by the persons (called trustors, settlors and/or donors) who execute a written declaration of trust which establishes the trust and spells out the terms and conditions upon which it will be conducted. The declaration also names the original trustee or trustees, successor trustees or means to choose future trustees. The assets of the trust are usually given to the trust by the creators, although assets may be added by others. During the life of the trust, profits and, sometimes, a portion of the principal (called "corpus") may be distributed to the beneficiaries, and at some time in the future (such as the death of the last trustor or settlor) the remaining assets will be distributed to beneficiaries. A trust may take the place of a will and avoid probate (management of an estate with court supervision) by providing for distribution of all assets originally owned by the trustors or settlors upon their death. There are numerous types of trusts, including "revocable trusts" created to handle the trustors' assets (with the trustor acting as initial trustee), often called a "living trust" or "inter vivos trust" which only becomes irrevocable on the death of the first trustor; "irrevocable trust," which cannot be changed at any time; "charitable remainder unitrust," which provides for eventual guaranteed distribution of the corpus (assets) to charity, thus gaining a substantial tax benefit. There are also court-decreed "constructive" and "resulting" trusts over property held by someone for its owner. A "testamentary trust" can be created by a will to manage assets given to beneficiaries. *See also:* ***constructive trust*** ***declaration of trust*** ***inter vivos trust*** ***living trust*** ***resulting trust*** ***settlor*** ***testamentary trust*** ***trustee*** ***trustor***

It is believed that this definition supports applicant's contentions regarding the accepted meaning of this term. In particular, the word "benefit" must be interpreted in its proper context, which implies an equitable interest in contrast to the stated "title" held on behalf of the trust. On the other hand, the understanding of those skilled in the art cannot be ignored in concluding that "in creating a trust, the claims are merely implementing a certain set of rules for access to the records." As discussed below, the purpose and effect of the trust is substantially more, and different than resulting from a non-trust implementation. Likewise, the computer readable medium also adopts this distinction and represents patentable subject matter.

The examiner admits that, but for the exclusion of consideration of the trust and its elements as potentially patentable features, the application would overcome the Rusnak et al. reference. (See paragraphs 6 and 11 of Office Action). Therefore, Applicant's remarks focus on

this issue as being dispositive of the sustainability of the rejection.

There are a number of tests and analyses which are instructive for distinguishing between allegedly "merely descriptive" material and structural features of a claim. These tests and analyses essentially seek to determine whether the structure or function is modified or controlled by the respective feature in question, or whether the feature is immaterial to the structure or function. If the allegedly structural or functional feature does not interact within the context of the claimed elements, then it is (at most) merely descriptive of the elements or outcome. On the other hand, where the allegedly merely descriptive material is decisive in altering a structure or function, or alters the character or effect of the resulting structures or function, then it is not merely descriptive, and must be afforded full patentable weight.

In the present case, the trust architecture and the rules which provide instruction to the trustee are not merely a non-functional data structure maintained in a database, but are rather a functional part of the invention. While the content of the records themselves may be "non-functional descriptive material"), that is not the issue presented for consideration. The set of access rules is quite clearly "functional" and controls the operation of the system and is an important part of the claimed method. Indeed, applicant respectfully submits that the trust elements themselves are not informational in character and are therefore outside the scheme of the Federal Circuit "descriptive material" analysis of In re Warmerdam (In re Warmerdam, 33 F.3d 1354, 31 USPQ2d 1754 (Fed. Cir. 1994) held that a claim to a data structure per se was nonstatutory subject matter unless the data structure caused functional change in the computer) and In re Gulack (In re Gulack, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983) held that when descriptive material is functionally related to the substrate, the descriptive material is capable of distinguishing the invention from the prior art), since these elements are neither "stored" nor merely "information" at all, but rather represent an identification of the structural elements of the claim and their function.

The patentability of the claims is not predicated on the content of the rules or records, and thus the claims fall outside the proscriptions of the non-functional descriptive matter analysis of patentability. Therefore, it is respectfully requested that the examiner consider all claim language in rendering a decision.

Examination of the action required by claim 1 reveals an essentially structural and/or functional purpose and effect of the trust: to effect a separation of the legal ownership from the

beneficial ownership of digital property. "Establishing" and "using" the trust thus has the purpose and effect of altering the rights, duties and relations of multiple parties, including the "original owner", the trustee, beneficiaries, and various third parties who seek to engage in transactions with one of the other parties. The establishment of the trust modifies the legal rights of the grantor in the property. When someone as grantor of a trust creates a typical trust, he or she has no residual legal interest in the trust property in his capacity as grantor. That legal interest passes to the Trustee. It is possible, of course, for a court to terminate the trust and reconvey the property that was in trust back to the grantor.. Likewise, the trust structure imparts equitable remedies to a beneficiary of the trust as well as access to courts with equitable jurisdiction.

In providing these structurally and/or functionally defined roles and relationships, the claims go beyond merely describing unrelated attributes of the parties to the transaction. They rise to the level of meaningful claim limitations.

Not only does the "trust" serve as a structural and/or functional component of the claims, but the "trustee" does as well. This is clear from the language of Claim 1 which provides:

- the sets of access rules COMPRISE INSTRUCTIONS TO A TRUSTEE;
- legal control over access to the record is GRANTED TO A TRUSTEE;
- the limitations of the trust are ENFORCED UNDER AUTHORITY OF A TRUSTEE.

It is clear that the term "Trustee" identifies and characterizes an entity that is to perform the tasks specified in remaining elements of the claim. A review of patents issued by the United States Patent and Trademark Office indicates that it is not a policy of the Office to treat claims that contain language specifying the type of professional who is to perform a certain task or tasks as being unpatentable. Indeed, the following are some examples of issued patents where a practitoner of a profession is specified as an element of an independent claim: U.S. Pat. Nos. 7,305,182 (Photographer, Claim1); 7,234,940 (Dentist, Claim 2); 7,024,397 (Landlord & Tenant, Claim 14); 6,934,002 (Magician, Claims 1,6,8); 6,792,074 (Physician or Physicist, Claims 3,4); 6,449,601 (Auctioneer, Claim 1); 6,257,248 (Hairdresser, Claim 1); 6,049,784 (Landlord, Claims 15,34,53); and 5,712,990 (Chemist, Claim 30).It is respectfully submitted that a well-defined role of a person or entity is a legitimate structural and/or functional distinguishing claim term.

In this case, a trustee operates an access control system. This is structurally and functionally different than a system that does not use a trust and a trustee. The use of a trust

alters the rights and roles of the original owner of the corpus, e.g., a record. Upon entering into a trust agreement, the "original owner" splits his or her ownership interest, transferring his or her interests in the property (e.g., the record) to one or more trustees and beneficiaries. A trustee is considered a legal owner of the property, while a beneficiary is considered a beneficial (equitable) owner of the property.

The Rusnak et al. prior art cited by the Examiner relates to or invokes contractual relationships between parties that outwardly appear to address a similar issue as the present invention, that of an intermediary in a transaction involving transfer of information. Indeed, it is the limitations of such contractual structures and their implementation that the present invention addresses. Inherent in a mere contractual relationship, in which a trust is not established, is a requirement to rely on the veracity and resources of a counterparty party, such that a damages judgment under law provides an effective remedy in case of breach. This available limited remedy poses issues where a party's financial situation might deteriorate, or where that party does not have sufficient resources in case of a likely adverse judgment. Further, a party who gains title to property under contract can encumber or transfer that property generally without regard to its prior owner.

In particular response to the Examiner, applicant notes that a trusted information handler operating under a contractual framework, i.e., a simple agreement between the parties, as disclosed by Rusnak et al., is not a trustee, and the rights and obligations of the respective parties to the transaction contemplated by Rusnak et al. are generally not controlled by the laws governing trusts. The information handler is advantageously "trusted" in part because the contractual framework itself does not fully protect the interests of the digital rights owner. In the absence of a "trusted information handler", the system and method described by Rusnak et al. has significant deficiencies.

A "trusted information handler" cannot be simply replaced within the context of the original agreement, while a trustee may be substituted by Order of a Court while maintaining the trust. "[T]rusts will not fail for want of a qualified trustee to administer the trust estate…." Code of Virginia, 64.1-73(G) (exemplary of the law of trusts).

The bankruptcy laws compound the situation, potentially locking an asset within a bankruptcy estate for a protracted period, and permitting various creditors to assert rights in the assets of the debtor. If ownership of the record had been legally transferred to a typical

intermediary which became a debtor, all rights could be extinguished by bankruptcy. In contrast, the bankruptcy of a trustee would not generally impede the rights of the beneficiary, and a Court could appoint a new trustee to administer the trust agreement.

Therefore, applicant particularly takes issue with the equivalency of a "trusted information handler" and a trustee, and requests explicit reconsideration of this finding.

Traditionally, the duties of trustees have been manually performed, and discretion provided personally and individually, as noted in the reference book cited by the Examiner. In contrast, the efficient automated system of the type now claimed facilitates a trust structure which, in its inception, may endorse an automated process which makes administration of the trust and effect of its purpose more efficient. Applicant has conceived that the benefits of an automated implementation of substantial trustee's obligations may be effected, thus permitting valuable information to be protected and exploited while avoiding limitations of the contract structure.

Another significant difference is that in a trust situation, the trustee has the initial legal right to seek damages relating to the property in trust but the beneficiary may bring an action if the trustee neglects or fails to do so. Therefore, an efficient mechanism is provided to facilitate enforcement, especially in the case of large numbers of relatively small transactions, since centralization of enforcement increases the risk of civil and criminal liability for serial offenders who take or cause damage to the property of a single trust a number of times or to the property of multiple trusts at the same or different times. Centralization acts as a deterrent by permitting the trustee to indicate to all potential defendants that it may take action in case of damages even if the damages to the property of a single trust alone would not justify the costs of such action. Therefore, the trust structure permits enforcement responsibilities to be transferred and centralized, without violating any rules against champerty.

Another difference is in the relationship with the parties seeking access to the property. A trustee can grant no rights in the trust corpus outside the scope of his trust authority. In contrast, an owner in a non-trust context is only bound by his or her contracts and the law.

The trust structure thus leads to a materially different result than the mere contract-based alternates, and is governed by a different set of laws and procedures. The result of the respective transactions is structurally different, and the processes involving trusts as presently claimed are functionally dissimilar to those governed by a mere contract. The fact that the governing laws

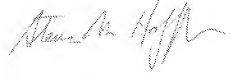
are man-made, and perhaps written, does not render the application of those laws "merely descriptive". Likewise, the fact that the problem to be solved is a social or legal problem is also not dispositive of the patentability of the invention. Indeed, all but the most basic of problems confronted by man are created by man, and all improvement patents fall within this category, since in essence these remediate the deficiencies of the prior art.

The examiner is troubled by the use of the word "trust", which is characterized as merely a label. In fact, this term invokes substantial functional and structural distinctions, which are transformative of the nature of the relationships of the parties and the results. In the present claims, the structure-function relationships are explicitly recited, and produce distinct results in dependence on the denominated nature of the element or step Furthermore, the examiner is not free to ignore some of the express language and terms of the claim. The trust framework permeates the claim, and is far more than merely descriptive of elements of the claim without functional relationship therewith.

While printed matter and non-functionally interrelated data might be permissibly ignored in some patent applications during examination, it is clear in this case that the trust, trustee, beneficiary, instructions to a trustee, and jurisdictional law of trusts are simply not printed or non-functional descriptive matter, and therefore the rejection predicated on ignoring these elements is unfounded. Neither MPEP 2106, nor any other provision of the US patent laws, US Patent and Trademark Office rules, and MPEP, provides a basis for sustaining the rejection.

It is therefore respectfully submitted that the claims distinguish the references of record, and should be allowed.

Respectfully submitted,



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